

Limited Source Justification

"Source Selection Information – see FAR 2.101 and 3.104"

1. Identification of the agency and contracting activity.

- **Federal agency and contracting activity:** Department of Health and Human Services (DHHS), Centers for Medicare & Medicaid Services (CMS), Office of Acquisition and Grants Management (OAGM)
- **Sponsoring organization:** Office of Information Systems (OIS)
- **Project Officer information**
 - **Project Officer :** Paul Weiss
 - **Mailing address:** 7500 Security Blvd,
Mail Stop: N2-03-24,
Baltimore, MD 21224
 - **E-mail address:** paul.weiss@cms.hhs.gov
 - **Telephone number:** (410) 786-6089

2. Nature and/or description of the action being approved.

This justification supports the award of a limited-source, logical follow-on task order to Terremark Federal Group, Inc. CMS will award the follow-on task order under Terremark's GSA Schedule 70 contract. The services provide the technology infrastructure and service requirements necessary to provide cloud computing to support the development and operations of the projects that support the Affordable Care Act (ACA) implementations. These projects include the Federally Facilitated Marketplace (FFM) and Data Services Hub (DSH).

- **Acquisition purpose and objectives.**

HHS is responsible for implementing many provisions of the historic health insurance reform law. The provisions of the legislation led to the creation of an organization dedicated to these efforts. The Center for Consumer Information and Insurance Oversight (CCIO), within the Center for Medicare and Medicaid Services (CMS), is the organization dedicated to helping HHS implement key provisions of the ACA. By facilitating the implementation of these programs and initiatives, CMS will be able to benefit millions of Americans in obtaining affordable health care services.

An undertaking of initiatives of this magnitude requires, among many things, a robust technical architecture, infrastructure, and technical services. There will be significant interaction and solution sharing between a variety of partners across government agencies at the local, state and federal level, as well as partners in the insurance and healthcare industries. It is imperative that every technology component involved that supports these initiatives scale to meet performance and cost requirements.

The National Institute of Standards and Technology (NIST) defines cloud computing as a "model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction." CMS/CCIIO requires a cloud services vendor to provide a Federal Information Security Management Act (FISMA) compliant Infrastructure as-a Service (IaaS) capable of seamlessly integrating and supporting both Platform as-a Service (PaaS) and Software as-a Service (SaaS).

- **Project background.**

In June 2013, CMS awarded a contract to HP Enterprise Services, Inc. (HP) to build and transition the infrastructure from the Terremark IaaS and PaaS to the Health Insurance Marketplace Virtual Data Center (HIM VDC). Due to the launch of healthcare.gov on October 1, 2013, and the effort to stabilize the infrastructure, additional capacity is needed under the HP HIM VDC. In addition, the replication of the Terremark data was delayed until the end of December 2013 and Application Discovery meetings did not start until early January 2014.

Due to the delays and issues outlined above, CMS requires the award of a logical follow-on order to Terremark to continue support of the Cloud Computing Infrastructure until the HIM VDC can take over the primary responsibilities.

3. Description of the supplies or services required to meet the agency's needs (including the estimated value).

- **Project title:** Cloud Computing Services
- **Project description**

The follow-on task order with Terremark will provide the technology infrastructure and service requirements necessary for cloud

computing to support the development and operations of the FFE and DSH in support of the ACA implementations.

- **Requirement type.**

- ☐ Support services (non-research & development)
- ☐ Supplies/equipment
- ☒ Information technology (IT)
- ☐ Other (specify): _____

- **Type of action.**

- ☐ New requirement
- ☒ Follow-on
- ☐ Other (specify): _____

- **Proposed contract/order type.**

- ☒ Firm-fixed-price
- ☐ Time and materials
- ☐ Indefinite delivery (specify whether indefinite quantity, definite quantity, or requirements): _____
- ☐ Other (specify): _____

- **Acquisition identification number:**

- **Total estimated dollar value and performance/delivery period.**

The value of this logical follow-on task order is estimated at \$58M. The period of performance for this order is 7 months. The period will be split into an initial 4 month base period with three 30-day option periods.

4. Identification of the justification rationale [see 8.405-6(a) and (b)] and, if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.

a. Acquisition authority.

- ☒ This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted to fewer than the number required by Federal Acquisition Regulation (FAR) 8.405-6(a)(1)(i)(C) (i.e., fewer than three FSS contractors).

- ☐ **This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted only to the item peculiar to one manufacturer as provided in FAR 8.405-6(a)(2).**

b. Demonstration of the proposed contractor(s) unique qualifications to provide the required supply or service.

- **Name and address of the proposed contractor(s).**

Logical follow-on task order to Terremark Federal Group, Inc., One Biscayne Tower, 2 S. Biscayne Boulevard, Suite 2800, Miami, FL 33131-1800

- **Nature of the acquisition and proposed contractor(s) unique qualifications.**

In June 2013, CMS awarded a contract to HP to build and transition the infrastructure from the Terremark IaaS and PaaS to the Health Insurance Marketplace Virtual Data Center. Due to the launch of healthcare.gov on October 1, 2013, and the effort to stabilize the infrastructure, additional capacity is needed under the HP HIM VDC. In addition, the replication of the Terremark data was delayed until the end of December 2013 and Application Discovery meetings did not start until early January 2014.

Due to the delays and issues outlined above, CMS requires the award of follow-on order to Terremark to continue support of the Cloud Computing Infrastructure during the remainder of the transition to the VDC.

Terremark is the current provider of the IaaS and PaaS. This logical follow-on will ensure that CMS is able to maintain an infrastructure to support the Federally Facilitated Marketplace program while transition to the HIM VDC continues. Failure to award this order will greatly jeopardize the Marketplace program and result in system performance issues of healthcare.gov.

5. Determination by the ordering activity Contracting Officer that the order represents the best value consistent with FAR 8.404(d).

The Contracting Officer will perform price analysis on the GSA schedule pricing proposed by the contractor. The Contracting Officer will request

additional discounts to the already-negotiated GSA pricing. The Contracting Officer will request the contractor to provide detailed pricing information from the GSA schedule price list illustrating how the contractor derives its proposed pricing for the cloud services. For the labor portions of the required services, the Contracting Officer will require the contractor to provide the estimated hours and GSA schedule labor categories proposed to perform the services. The Contracting Officer will perform price analysis of these proposed rates and will obtain a technical analysis from the CMS program office to determine if the quantities and types of labor are realistic to perform the required services. Based on the analysis described above, the Contracting Officer will be able to determine if the total proposed price is fair and reasonable.

6. Description of the market research conducted among schedule holders and the results, or a statement of the reasons market research was not conducted.

A logical follow on task order with the current vendor (Terremark) is justified in accordance with FAR 8.405-6(a)(1)(i)(c).

7. Any other facts supporting the justification.

CMS is justifying limiting sources as described at FAR 8.405-6(a)(1)(i)(c) which states, "In the interest of economy and efficiency, the new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order or BPA must not have been previously issued under sole-source or limited-sources procedures."

CMS validates that the original task order that was awarded to Terremark was competed and placed in accordance with FAR 8.405-2 Ordering Procedures for Services Requiring a Statement of Work.

The current Terremark task order provides the technology infrastructure and service requirement necessary for cloud computing to support the development and operations of the FFE and DSH in support of the ACA implementations.

The above strategy is of optimal benefit to CMS for the following reasons:

- No major disruption to CMS' business and technical staff resources;
- Mitigates risk for premature loss of key Terremark technical staff resources and expertise;
- Mitigates risk of compromising a successful exchange program as mandated by law; and

- Mitigates risk of creating an unstable infrastructure.

Before exercising any option period under this task order, the Contracting Officer will, according to the requirements set forth by Federal Acquisition Regulation (FAR) 17.207, Exercise of Options, perform and document the results of an analysis done to ascertain the practicality of exercising any option.

8. Statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the restricted consideration before any subsequent acquisition for the supplies or services is made.


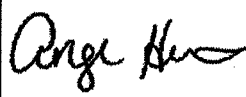
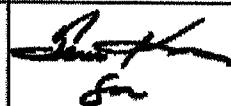
a. Removal of barriers to competition.

CMS awarded a contract to HP in June 2013 to build and transition the current Terremark infrastructure. This contract is a temporary solution to continue the Terremark services until the infrastructure is ready to fully transition to the HP HIM VDC.

b. Listing of sources, if any, that expressed an interest, in writing, in the acquisition. N/A

9. Program office certification

This is to certify that the portions of this justification that have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs or requirements, or other rationale for limited sources, are accurate and complete.

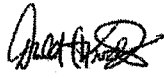
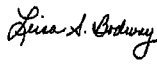

Official	Name & Title	Signature	Date
Contracting Officer's Representative	Paul Weiss		1/29/14
Contracting Officer's Representative's Immediate Supervisor	Angela Hitchcock		1/29/14
Head of the Sponsoring Program Office	Dave Nelson	 for	4/30/14

10. Contracting Officer Certification

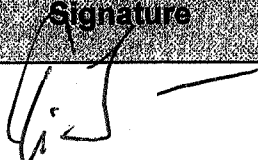
This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief the information and/or data provided to support the rationale and recommendation for approval is accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer	Andrew Mummert	Andy Mummert Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=OAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.02.10 08:06:14 -05'00'	

11. Chief of the Contracting Office and Head of the Contracting Activity signature(s):

Official	Name & Title	Signature	Date
Cognizant Division Director	Andrew Mummert, Director, Division of Information Systems Contracts	Andy Mummert Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=OAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.02.10 08:06:30 -05'00'	
Cognizant Group Director	Donald Knode, Director, Information Technology Contracts Group		Date: 2014.02.10 08:11:55 -05'00'
Director, Division of Policy Workforce and Systems	Leisa Bodway, Director, Division of Quality Assurance and Technology	 Digitally signed by leisa.bodway2@cms.hhs.gov DN: cn=leisa.bodway2@cms.hhs.gov, c=US Date: 2014.02.10 09:22:30 -05'00'	
Head of the Contracting Activity	Daniel F. Kane, Director, Office of Acquisition and Grants Management		2/14/14

12. Competition Advocate signature:

Official	Name & Title	Signature	Date
Competition Advocate	Tim Love, Chief Operating Officer		2/19/14